

STATE SENATOR • GILDA Z. JACOBS • 14TH DISTRICT

Jacobs Press Release

P.O. Box 30036 • Lansing • Michigan • 48909-7536 • 517-373-7888 • Fax: 517-373-2983
E-mail: sengjacobs@senate.michigan.gov • www.senate.michigan.gov/dem/SD14



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CONTACT: Sen. Gilda Jacobs (D-Huntington Woods)
(517) 373-7888

SEN. JACOBS LAUDS ESTABLISHMENT OF SCHOOL LOAN REVOLVING FUND Act will add \$86 million to School Aid Fund

LANSING – Sen. Gilda Jacobs (D-Huntington Woods) today praised Governor Granholm’s signing of SB 406, sponsored by Jacobs, establishing the School Bond Qualification and Loan Act (PA 92). The Act establishes a School Bond Loan Revolving Fund and requires that school district school bond loan repayments be deposited into the revolving fund. Currently, those monies are deposited into the General Fund.

Under the Act, school districts will implement fixed repayment schedules before they are allowed to borrow again. These fixed repayment schedules will provide the state a reliable income stream and will also make dollars available for loans under the new revolving fund.

The proceeds are expected to add \$86.1 million to the School Aid Fund.

“This act comes at a time when both the state and school districts are seeking for ways to balance the School Aid Budget and ensure fiscal accountability,” Sen. Jacobs said. “This reform will have a positive impact on both the School Aid budget and the Governor’s proposed 2005-06 budget.”

The new law also requires districts to provide more information to voters when holding construction bonding elections, including language informing voters that districts may borrow from the School Bond Loan Fund and may continue to levy debt mills after the bonds have been repaid.

The new law is one of a package of bills that will amend Public Act 108 of 1961. PA 92 will take effect immediately.

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State Senator Gilda Jacobs represents the 14th Senate District, which includes Farmington, Farmington Hills, Ferndale, Hazel Park, Huntington Woods, Lathrup Village, Oak Park, Pleasant Ridge, Royal Oak Township, and Southfield. She is the Minority Vice Chair of the Families & Human Services Committee and the Economic Development, Small Business & Regulatory Reform Committee. She also serves on the Government Operations and Health Policy Committees.